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CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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COUNTRY China

SUBJECT China National Import and Export Corp's Instructions
to Merchants in China

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"Specimen of a Letter of Instruction from CNIEC to Merchants in China.

'Memorandum on New Policies and Procedures on
Import Trade to China Mainland.

In view of the changing policies and procedures in respect to Trade to China Mainland we wish to impress upon you the importance and urgency of carefully noting and strictly adhering to the points in the following when contemplating any offer:

1. 'The CNIEC is now the sole customer to whom all existing import (and export) firms shall submit their respective offers. Deals are all to be handled by firms with a few exceptions.
2. 'The CNIEC delegates all import (and export) firms to be merely brokers between manufacturers (suppliers) and CNIEC.

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3. 'Competition shall be bound to be extremely keen-far more keen than ever before-in order to secure a deal. So bids thus submitted practically constitute a tender system.
4. 'Therefore, you must screen your suppliers' prices and terms very much more carefully and sharply, selecting only one with the lowest possible prices (for the same quality of commodity) and with best possible terms.
5. 'Two firms may offer identical price: only the one with better terms besides will likely to secure the deal.
6. 'Payment of letter of credit terms is entirely out of consideration according to these changing policies. Only letter of guarantee terms negotiable 15 days after cargo-arrival in a China port shall be even considered. That is the unalterable conditions.
7. 'The prevailing requirement for Performance Bond is 2 to 3%, which is always compulsory and should be well understood in initiating any deal.
8. 'Any supplier, unfamiliar or unwilling to go by these changing policies and procedures, insisting upon any terms beyond the limitations as set forth thereby can better be dropped in order not to waste any time and expense of correspondence and cabling.
9. 'It is well to note that according to our information, despite such harsh terms suppliers from abroad have already begun to accept them and have geared their operations accordingly because the trade is valuable and promising.
10. 'Terms for shipment from stock in Hong Kong (deleted here but can be furnished upon request if interested).
11. 'Offers of imports for barter or even partial barter of China domestic products shall also receive priority over others insisting upon straight imports. This is well to bear in mind and wherever possible and workable launch a deal on barter basis because it will be to your advantage and profit in the long run. (It is permissible to offer differential prices one for straight import and another for barter.)
12. 'It is the belief amongs' firms on the Mainland that 1954 shall be a year of vigorous trade in European spot stock and indent orders for the China market. Therefore, you should begin to organize new connections and strengthen existing ones in order to properly and competition(!)
13. 'Please always and only deal with the most reliable suppliers. Mere surrendering and sacrificing the Performance Bond is no indication of integrity. Once down always out. Let's have the best of luck and look forward to great business success in 1954 NOW.
14. 'Do not feel surprised or frustrated should policies and PROCEDURES SHOW CONSTANT CHANGE. That is their prerogative.

'Please also note that:-

- a. "Direct shipment to China port" on indent order from abroad denotes any boat loaded in an European (or any other foreign) port with valid export licenses on specific cargoes abroad bearing the notation saying said cargo (or cargoes) is being passed and destined for China. This

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(shipment) will always receive first priority in closing a deal.

- b. 'Shipment via Poland (Gdynia) is considered too slow, hence not favourably considered in an offer.
- c. 'Shipments with export licences stating via another "capitalistic" country, will receive consideration only after having been referred to and approved by higher levels which takes too much time for early consumation of a deal hence not too impressive.
- d. 'Cable offers are often made with too sparsely worded messages which may prove to be more expensive in the long run because of the necessity of subsequent inquiring cables back and forth. Therefore it is advisable to render all particulars and in as much detail of relevant facts as possible in the initial cable offers. (Of course, when specifications, terms, etc. etc. have already been initiated in a previous letter and been acknowledged then exception may be taken to this requirement.)
- e. 'Standard offering form should always include: name of commodity (scientific and common names): Origin (Name of country): Brand and/or Manufacturer: Specifications size, percentage, etc.) Quantity available/offered: Packing (in detail and specific): Shipment (date/approximate date). Price (C.I.F. China Port) Terms (Of payment): Remarks (if any).

"These may already be familiar matters but it is well to serve as a reminder."

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